

Oil → Gas
Lease



Robert L Woodburn
TIOGA COUNTY CLERK

16 Court St PO Box 307
Owego, NY 13827
(607) 687-8660
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Instrument Number
155758-001

No. of Pages: 11

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Receipt No. 155758

Return To:

JETER FIELD SERVICE
2512 S UNIVERSITY DR
FT WORTH, TX 76109

DATE: 04/11/2008

Time: 03:44 PM

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Parties To Transaction: BARROWS - JETER FIELD SERVICE

Deed Information

Consideration: \$0.00

Transfer Tax: \$0.00

RETT No: 02038

State of New York
Tioga County Clerk

Mortgage Information

Mortgage Amount

Basic Mtge. Tax:

Special Mtge. Tax:

Additional Mtge. Tax:

Mortgage Serial No.:

This sheet constitutes the Clerk endorsement required by Section 316-A(5) & Section 319 of the Real Property Law of the State of New York. DO NOT DETACH

Tioga County Clerk



OIL AND GAS LEASE

(PAID UP)

This lease, made this 25th day of July, 2007 by and between **ABRAM E. BARROWS** and **LINDA R. BARROWS**, husband and wife, residing at R.D. #1, Sam Brown Road, Lockwood, NY, 14859, Party of the first part, hereinafter called Lessor (whether one or more), and **JETER FIELD SERVICE, a Texas Partnership**, 2512 South University Drive, Fort Worth, Texas, 76109, Party of the second part, hereinafter called Lessee.

WITNESSETH, that for and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

LEASING CLAUSE: Lessor hereby leases exclusively to Lessee all the oil and gas including, but not limited to coal seam and shale gas, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded methane/natural gas, helium and all associated natural gas and other hydrocarbons and non-hydrocarbons contained in, associated with, emitting from, or produced/originating within any formation, gob area, mined-out area, coal seam, and all communicating zones, and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be necessary or convenient for Lessee, as its election, to explore for, develop, produce, measure, and market production from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right of ingress and egress over, under and through said leased premises, including the exclusive right to conduct geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telephone facilities, and to construct pipelines with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leasehold or from neighboring lands across the Leasehold, to use oil, gas and non-domestic water sources (provided Lessee finds said water at it's own expense), to operate, maintain repair and remove material and equipment.

DESCRIPTION: The Leasehold is located in the Township of Barton, in the county of Tioga, the State of New York, and described as follows:

SEE EXHIBIT "A" ATTACHED FOR LEGAL DESCRIPTION

and described for the purposes of this agreement as containing a total of 6.90 Leasehold acres, whether actually more or less.

LEASE TERM: Subject to the other provisions herein, this lease shall be in full force for a term of 5 years from 12:00 A.M. July 25, 2007 (effective date) until 11:59 P.M. July 25, 2012 (last day of primary term) and shall continue beyond the primary term as to the entirety of the leasehold if any of the following is satisfied

- (i) for so long thereafter as oil, gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled/unitized therewith, or
- (ii) operations are actively being conducted on the Leasehold or lands pooled/unitized therewith in search of oil, gas, or other constituents (actively meaning no more than 90 days lapses between said operations being conducted on leasehold or lands pooled/unitized therewith). This lease is otherwise maintained pursuant to the provisions hereof.

It is understood that so long as this lease is extended beyond the primary term by any provision of this lease, Lessee may commence, resume, or continue the exercise of any of the rights, privileges or purposes hereof during such extended term

ROYALTY PAYMENT: Lessee shall deliver to Lessor, a royalty in the amount equal to the current market value at the wellhead as and when produced of one-fourth (1/4 or 25%) of all oil and gas, along with all other hydrocarbon and non-hydrocarbon substances as set forth in the "Leasing Clause" above, saved, marketed and sold from the Leasehold. In no event shall the current market value be deemed to be in excess of the value actually received by the Lessee pursuant to a bona fide, arms length sale or transaction. Royalties payable under this lease shall be made without deductions for the costs or producing, gathering, storing, separating, treating, dehydrating, compressing, transporting and otherwise making the oil and gas produced from the leased premises ready for sale or use. All royalty oil and gas shall be delivered at the initial sales point free of cost into the tank or pipeline (for oil) and into the pipeline (for gas) with the exception of Lessor's prorate share of all applicable taxes on such royalty production. Royalty payments shall be made every thirty (30) days and the first payment shall commence within 90 days of the date the Lessee receives their first production payment.

LESSOR'S INTEREST: If Lessor owns a less interest in the leased premises than the entire undivided fee simple estate herein leased, then the royalties or shut-in royalties herein provided shall be paid by Lessee only in the proportion to which Lessor's interest bears to the whole and undivided estate. If the leased premises hereafter are subdivided, the leased premises shall nevertheless be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety, and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each owner bears to the entire leased acreage. Lessee shall not be bound by any change in the ownership of the leased premises or any change of the address of Lessor until furnished with such documentation from Lessor as Lessee may reasonably require. Lessee shall not be obligated to alter payments as directed above unless with written notice Lessor or Lessor's heirs or assigns direct Lessee otherwise.

CONTINUING OPERATIONS: If within the primary term but prior to discovery and production of oil or gas on the leased premises or on acreage pooled therewith, Lessee should drill a dry hole or holes thereon or if the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling, deepening, plugging back, sidetracking or reworking within ninety (90) days thereafter.

POOLING: Lessee is hereby granted the right to pool or unitize the leased premises, or any part thereof, with any other property for the production of any substance covered hereby, to create one or more drilling or production units, in TRENTON-BLACK RIVER strata or formation only under the herein contained leased premises. Said drilling or production units shall not exceed six hundred forty (640) acres or such size as may be required to conform to the rules and regulations of any governmental agency who claims jurisdiction. In the event this lease is unitized, the Lessor agrees to accept in lieu of the royalty herein before recited, such proportion of royalty above provided as the acreage contributed by this lease bears to the total acreage comprising the unit. Lessee shall also be required to record the Declaration of Unit describing the total acreage and leases contained within said Unit in the appropriate land record department of the county and state wherein said lease premises are located and send a copy of said Declaration of Unit to Lessor's last known address. Lessee shall have the recurring right to revise any unit formed hereunder either before or after commencement of production. In the event of a revision, Lessee shall execute a written Amended Declaration of Unit describing the revised unit and stating the effective date of the revision. Lessee shall mail a copy thereof to the Lessor's last known address and the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. Lessee shall file the said Amended Declaration of Unit in the appropriate land records of the county and state wherein the leased premises are located. Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. In addition, production, drilling or reworking operations anywhere on a unit, which includes all or any part of the leased premises, shall, except for the payment of royalties, be treated as if it were production, drilling or reworking operations on the leased premises.

SHUT-IN ROYALTIES: In the event that production of oil, gas, or their constituents, is interrupted and not marketed for a period of six months, Lessee shall thereafter pay an annual shut-in royalty in the amount of \$50.00 per leasehold acre contained herein and this lease shall remain in full force and effect. Payment of shut-in royalty shall begin one year after the 6-month interruption period wherein constituting the well as a shut-in well. No shut-in well shall be allowed to continue as shut-in for a period of more than twelve (12) months beyond the primary term as described herein.

RIGHT OF FIRST REFUSAL: If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have thirty (30) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor with the aforesaid thirty (30) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be invalid.

TITLE: If Lessee receives evidence that Lessor does not have title to all or any part of the rights herein leased, Lessee may immediately withhold payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved.

LIENS: Lessee may, at its option, pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and Lessee shall be entitled to recover from the debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means.

DAMAGES: (a) Lessee will remove unnecessary equipment and materials and reclaim all disturbances to lands caused by operations and construction of pipelines under the terms of this lease at the completion of activities, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of crops and marketable timber. Lessor and Lessee agree that prior to removal of marketable timber resulting from Lessee's operations under the terms of this lease an appraisal by a third party forester or other disinterested party involved in the timber industry with the knowledge of marketable timber pricing for the said lease area shall appraise said proposed timber removal and Lessee shall pay the appraised value for timber as damages to Lessor or Lessee may elect to change location of well operations to avoid such timbered area. Lessee shall construct or install all well sites, access roads and pipeline rights-of-way in a manner which would minimize any related soil erosion. In addition, location of said site, roads and pipelines shall be approved by the Lessor and said approval shall not be unreasonably withheld by Lessor. Further, any related surface reclamation shall be done in a manner which restores said land as nearly to original contours as reasonable possible and complies with the regulatory agencies, if any, who have jurisdiction over such surface damage reclamation.

(b) Lessee shall test Lessor's domestic water supply (as to quality and quantity) prior to commencement of, and following, drilling operations on said land in order to ensure that said water supply is not adversely affected by said operations. In the event it is determined that said operations have adversely affected said water supply, then Lessee, at its own expense, shall take all steps necessary to return said water supply to pre-drilling conditions.

(c) Lessor reserves the right to approve the location of all well sites, access roads, pipelines, and related appliances constructed or installed on said land. Said approval shall not be unreasonably withheld by Lessor.

(d) Lessee shall replace any fences removed by Lessee during its operations on said land and further shall construct gates on all access roads on said land upon written request by Lessor.

(e) No well shall be located within four hundred (400) feet of an existing house without prior written consent from Lessor.

(f) Lessee agrees to hold Lessor harmless from any claims that may arise as a result of Lessee's operations on said land.

SUCCESSORS: All rights, duties, and liabilities herein benefit and bind Lessor and Lessee and their heirs, successors, and assigns.

SURRENDER: Lessee, at any time, and from time to time, may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease and thereupon this lease, and the rights and obligations of the parties hereunder, shall terminate as to the part so surrendered; provided, however, that upon each surrender as to any part of the Leasehold, Lessee shall have reasonable and convenient easements for then existing wells, pipelines, pole lines, roadways and other facilities on the lands surrendered, however, Lessee shall negotiate with Lessor a purchase of right of way on all existing wells, pipelines, pole lines, roadways and other facilities herein retained on said premises at the time of surrender. Said payment of Right of Way shall be calculated at the fair market value for purchase of right of way easement at the time of the surrender. Said negotiations shall be conducted by both Lessor and Lessee in a fair and reasonable manner and said right of way shall not be withheld by Lessor upon the payment of fair market value. Additionally, the right way for existing wells, pipelines, pole lines, roadways and other facilities on, under or above the ground shall be limited to the existing wells, pipelines, pole lines, roadways and other facilities at the time of surrender. Payment shall be made for one Right of Way however; the width of said right of way shall be limited to 5 feet on either side of the existing pipe or pipelines in the ground at the time of surrender and 15 feet around the parameter of any well or facilities. Lessee shall prepare a Right of Way document and survey of said existing wells, pipelines, pole lines or pipelines to govern said easement. Easement to be executed by both Lessor and Lessee and recorded in the land records of the Chemung County Clerk, State of New York

COVENANTS: This Lease and its expressed or implied covenants shall not be subject to termination, forfeiture of rights, or damages due to failure to comply with obligations if compliance is effectively prevented by federal, state, or local law, regulation, or decree, or the acts of God and/or third parties over whom Lessee has no control.

ENTIRE CONTRACT: The entire agreement between Lessor and Lessee is embodied herein. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to or modification of this Lease.

FORCE MAJEURE: When drilling, reworking, production or other operations hereunder, or Lessee's fulfillment of its obligations hereunder are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production. This Lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this Lease when drilling production or other operations are so prevented or delayed.

SEVERABILITY: If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

WARRANTY: Lessor hereby warrants and agrees to defend the title to the lands and interest described in leasing clause and other applicable interests covered herein, but if the interest of Lessor covered by this lease is expressly stated to be less than the entire fee or mineral estate, Lessor's warranty shall be limited to the interest so stated. Lessor further warrants that the lands hereby leased are not subject to any valid prior oil and gas leases and that the Lessor is not currently receiving any bonus, rental, production royalty, or shut-in royalty as a result of any prior oil and gas lease covering any or all of the lands hereby leased and that there have been no wells drilled upon the lands hereby leased or upon any lands with which the lands hereby leased has been combined in a drilling or production unit. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby and Lessee shall not suffer any forfeiture nor incur any liability to Lessor by reason thereof. Lessee shall have the right at any time to pay for Lessors, any mortgage, taxes or other lien on said lands, in the event of default of payment by Lessor and then be subrogated to the rights of the holder thereof. Any such payments made by Lessee for Lessor may be deducted from any amounts of money which may become due Lessor under this lease.

IN WITNESS WHEREOF, Lessor hereunto sets hand and seal at the date first above written.

Abram E. Barrows
Abram H. Barrows

E. H. B.

L. R. B.

Linda R. Barrows
Linda R. Barrows

ACKNOWLEDGEMENT

State of New York

County of Tioga

On July 25, 2007 before me the undersigned, a Notary Public in and for said State, personally appeared Abram E. Barrows and Linda R. Barrows, husband and wife personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) ~~is~~ (are) subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their capacity(ies), and that by ~~his/her~~ their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

My Commission Expires: May 22, 2011
Signature/Notary Public: Tammy Lynn Garrity
Name/Notary Public (print): TAMMY LYNN GARRITY

TAMMY LYNN GARRITY
Notary Public, State of New York
Chemung County No. 01GA5043968
Commission Expires May 22, 20 11

Recorder: Return recorded document to: Cynthia A. Duncan
C/O Jeter Field Services
2512 S. University Dr.
Fort Worth, TX 76109

EXHIBIT "A"
(LEGAL DESCRIPTION)

Township of Barton
Tioga County Tax Map Number 101.00-2-18, containing 6.90 acres, more or less, leasehold
acres, described as included in the following:

Lands acquired from William H. Barrows and Kathleen Barrows by virtue of Deed dated July
17, 1985 and recorded for record in the office of the county clerk, Tioga County, New York on
July 19, 1985 in Liber 411 at Page 94.

ADDENDUM

Attached to and made a part of this certain Paid Up Oil and Gas Lease dated the 25th day of July, 2007 from **ABRAM E. BARROWS and LINDA R. BARROWS**, husband and wife residing at R. D. #1, Sam Brown Road, Lockwood, NY, 14859, Party of the first part, hereinafter called Lessor (whether one or more), and **JETER FIELD SERVICES, a Texas Partnership**, 2512 South University Drive, Fort Worth, Texas, 76109, Party of the second part, hereinafter called Lessee. In the event of a conflict between the terms of this ADDENDUM and the terms of said Paid Up Oil and Gas Lease, the terms of this ADDENDUM shall control.

TRENTON BLACK RIVER STRATA/FORMATIONS

All clauses of this lease shall apply expressly and be limited to the stratas/formations known as the Trenton and Black River.

SEISMIC SURVEYS: Lessor agrees to allow the Lessee to conduct seismic surveys on, over, under and through the land herein. Lessee agrees to share seismic results in writing with the Lessor within thirty (30) days after said results are known to the Lessee. Lessor shall keep confidential said results but shall not be prevented from hiring persons to analyze and interpret the data for Lessor, so long as the party performing the analysis agrees to the same degree of confidentiality.

DRILL SITES: Lessee hereby agrees to pay Five Thousand Dollars (\$5000.00) per acre for a drill site located on the herein described premises.

TAXES: Lessee agrees to pay 100% of any increase in ad valorem taxes attributable to, or resulting from, the assessment of oil and gas due to production from the leased premises.

RELEASE OF LANDS NOT IN ANY UNIT: Notwithstanding anything to the contrary herein contained, drilling operations on or production from a pooled unit or units established under the provisions of the "Pooling Clause", hereof or otherwise embracing land covered hereby and other land shall maintain this lease in force only as to land included in such unit or units. The lease may be maintained in force as to the remainder of the land in any manner herein provided for, provided that if it be a rental payment, rentals shall be payable only on the number of acres not included in such unit or unit

FREE GAS: Lessee shall pay to the Lessor, in lieu of allowing free gas through pipeline connections, an equivalent sum of money for 300,000 cubic feet of natural gas calculated from the average annual price per MCF for the State of New York for the previous year. Said

payment shall be due by the 30th day of January each year and first payment shall be made the first January after the first royalty payment has been made as provided for in paragraph 3(b). First payment shall be calculated on a prorated basis if a full twelve month cycle has not been completed before the 30th day of December in the year of the first royalty payment.

ROYALTY PAYMENTS: Royalty payments shall be made monthly and the first payment shall be made within 90 days of the first payments received by the Lessee for production.

ADDENDUM - continued

POLLUTION: Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the premises, by any waste, pollutant, or contaminant.

INDEMNITY: Lessee agrees to and hereby does indemnify, defend and hold harmless, Lessor from third party claims, including but not limited to, workmen's compensations, environmental claims that arise due to Lessee's operations hereunder.

Note: This Oil and Gas Lease with Addendum
AND Notice of Cancellation covers A total
of Eleven (11) Pages. *Alvan E. Barrow*

Linda R. Barrow
Gynthia A. Duncan

THIS IS A LEASE OF OIL AND GAS RIGHTS, NOT A SALE, CONTAINING TERMS THAT MAY BE NEGOTIATED BY YOU. YOU HAVE THE RIGHT TO CANCEL THIS LEASE WITHIN THREE BUSINESS DAYS AFTER EXECUTION OF THE LEASE BY NOTIFYING THE LESSEE THAT YOU HAVE CANCELED THIS CONTRACT. IN ORDER TO CANCEL THIS LEASE, YOU MUST EXECUTE A NOTICE OF CANCELLATION IN THE FORM PROVIDED BELOW, MAIL IT TO THE LESSEE AND REFUND ALL AMOUNTS PAID TO YOU BY THE LESSEE WITHIN THE THREE-DAY CANCELLATION PERIOD. THE MAILING MUST BE POSTMARKED WITHIN THE THREE-DAY CANCELLATION PERIOD TO BE EFFECTIVE.

NOTICE OF CANCELLATION

I/WE HEREBY CANCEL THIS LEASE

DATED: _____

SIGNATURE(S): _____

THE PERSON PRESENTING THIS LEASE TO YOU IS ☐ IS NOT ☐ A MEMBER OF _____ AND THEREFORE IS ☐ IS NOT ☐ SUBJECT TO A CODE OF CONDUCT. IF THE PERSON PRESENTING THIS LEASE TO YOU IS SUBJECT TO A CODE OF CONDUCT, A COPY OF THE CODE OF CONDUCT MUST BE PRESENTED TO YOU WITH THIS LEASE, IF APPLICABLE, THE CODE OF CONDUCT PROVIDES A DISPUTE RESOLUTION MECHANISM FOR ANY DISPUTE THAT YOU MAY HAVE REGARDING THE MANNER BY WHICH THIS LEASE WAS PRESENTED TO YOU. IF YOU HAVE ANY SUCH DISPUTE, YOU MAY INVOKE THE DISPUTE RESOLUTION MECHANISM OF THE CODE OF CONDUCT BY CONTACTING THE PERSON OR PERSONS DESIGNATED IN THE CODE OF CONDUCT. THE FAILURE OF THE LESSEE TO PAY ANY ROYALTIES TO YOU AS REQUIRED UNDER THE TERMS OF THE LEASE FOR A PERIOD OF FOUR CONSECUTIVE MONTHS OR MORE SHALL BE A DEFAULT UNLESS OTHERWISE PROVIDED BY LAW, AND WILL RESULT IN CANCELLATION OF THE LEASE APPLICABLE TO THE TARGET FORMATION OF THE WELL WITHIN THE SPACING UNIT, FOLLOWING WRITTEN NOTIFICATION TO THE LESSEE OF YOUR INTENT TO CANCEL AND SIXTY DAYS FOR THE LESSEE TO CURE THE DEFAULT. IF THE LESSEE HAS A BONA FIDE DISPUTE REGARDING THE GROUNDS FOR CANCELLATION, SUCH DISPUTE AND THE REASONS THEREFORE MUST BE PROVIDED TO YOU IN WRITING OR THE DEFAULT MUST BE CURED WITHIN SUCH SIXTY DAY PERIOD, OTHERWISE THE LEASE SHALL BE CANCELLED.